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COUNTRY PROGRAMME FOR POLAND

UNDP assistance requested by the Government of Poland
for the period 1981-1985

E M B A R G O

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INTRODUCTION

1. The elaboration of this country programme was based on the main orientations adopted in the preparation of the Five-Year National Plan of Socio-Economic Development for 1981 - 1985. In line with the emphasis placed in the Plan on the harmonization of the national economy, UNDP inputs are envisaged in a few carefully selected areas of critical importance to the implementation of the Plan.

I. DURATION, TIME FRAME AND ANTICIPATED RESOURCES

2. The country programme covers the five-year period January 1982-December 1986 and foresees total government inputs of 843 million zlotys (i.e. the equivalent of approximately US$ 28 million) whereas the UNDP contribution corresponds to the "illustrative" IPF of US$ 6 million established by the Governing Council at its twenty-seventh session.

II. DEVELOPMENT PERSPECTIVE

A. Basic Data

3. The Polish People's Republic is situated in the centre of Europe and covers an area of 312,000 square kilometers. The population of Poland reached 35.8 million in 1980, a density of 114 persons per square kilometer.

4. In 1979, the industrial sector employed 43 per cent of the working age population and contributed 53 per cent of the national income. Whereas agriculture is still giving employment to over 30 per cent of the working age population, the contribution of this sector to the national income was only some 14 per cent in 1979.

5. The most important domestic sources of energy are hard coal and lignite which provide more than 80 per cent of national energy requirements. Hard coal has also traditionally been one of Poland's main export commodities.

6. Foreign trade plays an important role in the socio-economic development of the country. In 1979 the value of exports, in current prices, was US$ 16.3 billion; whereas imports amounted to US$ 17.6 billion. At present machinery and equipment account for more than half of Poland's total imports, whereas fuels and agricultural products and food constitute approximately 15 per cent and 13 per cent respectively.

B. Results of the Five-Year Plan 1976 - 1980

7. The principal objectives of the Five-Year Plan for the period 1976 - 1980 were the improvement of living conditions and the modernization of the economy as a whole. Due to a combination of unfavourable external and internal factors, however, many of the targets established in the Plan, in pursuance of these over-all objectives, could only be partially attained. In fact, the rate of economic growth decelerated in comparison with the previous five-year period with the average growth rate of the national income falling below 2 per cent for the whole period and even decreasing in absolute terms during the 1979-1980 biennium. In these circumstances, the external debt of Poland increased at an accelerating rate and currently stands at approximately US$ 23 billion.

8. As a consequence of extremely unfavourable weather conditions over the past several years, agriculture has suffered repeated set-backs affecting the output of grains and vegetables as well as animal production. In order to maintain animal production at an acceptable level, Poland has been obliged to resort to large-scale imports of grains and fodder, causing a very heavy burden on the balance of payments.

9. In the over-all perspective, the adversities suffered by the economy have also led to an imbalance between the domestic money supply on the one hand and the supply of goods and services on the other, resulting in growing inflationary pressure as well as in recurrent shortages of such basic goods as foodstuffs.

C. Objectives of the Five-Year Plan 1981 - 1985

10. The preparatory work on the Plan 1981 - 1985 is carried out in very complex conditions. The preparations are characterized first of all by a high degree of uncertainty resulting in part from the unfavourable evolution of the external economic environment. Inflationary trends, including steadily growing oil prices, slackening demand caused by the low economic activity, and related protectionist measures will - in the difficult balance of payments situation of Poland - unquestionably slow down the rate of growth of the national economy.

11. Internal conditions of growth are also less than favourable. Six years of bad harvests, in particular in 1980, delays in the commissioning of a number of capital intensive investments, as well as the decline of industrial output in 1980, contributed to a decrease in the national income growth rate and - as a consequence - in consumption and real wages.

12. Against this background, the over-all objective established for 1981 - 1985 consists of the harmonization of the economy and the restoration of its capacity for dynamic development. This objective will be reflected in decisive measures to support agricultural production and to supply the economy with raw materials, especially energy and fuels, and half-finished goods. As the possibilities of imports of oil and natural gas are limited, considerable attention will be directed to the expansion of the domestic fuel and energy potential based on the country's coal resources.

13. In sectoral terms, a major effort will be made to achieve substantial progress in agriculture and increase of food production; it is envisaged to augment the share of investments for food economy in the total investment outlays. It is planned to take necessary measures aimed at the improvement of the efficiency of agricultural production through better utilization of means available to this sector of the economy.

14. As another high priority, reform will be introduced in the management of industry. It will include the rendering of more independence to industrial enterprises so as to bring about a marked rise in labour productivity and in the quality of production, including export production.

15. One of the main problems of the new Five-Year Plan will be the improvement of the balance of payments. A high growth rate of exports, considerably surpassing

the rate of growth of imports, is one of the basic assumptions of the 1981 - 1985 Plan. At the same time, the transformation of the structure of the foreign trade turnover is envisaged. As regards imports, the share of fuels and raw materials is expected to grow in value terms.

16. Existing analyses and assessment of the development factors indicate that the annual growth of the national income in 1981 - 1985 may oscillate between 2 and 3 per cent on the average. It is considered that, in the circumstances, progress in redressing the balance in many domains of the economy will require a lowering of the investment level as compared with the current five-year planning period. Considerable outlays will be earmarked for the construction of housing quarters and for health protection. In the productive sphere, preference will be given to investments in the food sector and to investments connected with energy, fuels and raw material savings.

III. DEVELOPMENT OBJECTIVES AND UNDP ASSISTANCE

17. UNDP assistance to Poland is small in comparison to national means earmarked for social and economic development. Still it plays a useful role in accelerating and optimizing solutions to many acute sectoral problems. That is why this assistance is channelled to the areas of the economy where it is specially important to link national solutions with the achievements of global technical knowledge, organization and management through multilateral technical co-operation under the auspices of the UNDP and its Executing Agencies.

18. As regards sectors in which UNDP assistance is being sought, the country programme reflects the main priority areas of the National Plan for 1981 - 1985: i.e., agriculture and nutrition, energy, health, industry and transport and communications. It is noteworthy that the majority of the projects selected for UNDP assistance in the third country programme are of a pre-investment character and are designed to ensure catalytic inputs to complement the national effort.

A. Agriculture

19. The most urgent tasks in this sector refer to the improvement of plant production as well as animal husbandry, including dairy production. UNDP assistance is foreseen for a second phase of an on-going project in plant production and for a new project to improve dairy production and processing.

Intensification of Plant Breeding and Seed Production - Phase II

20. The project represents a continuation of an FAO-executed project initiated in 1977 and scheduled to be completed in 1981. While the project will continue to emphasize triticale breeding activities, which were successfully started during the first phase, it is envisaged that rye breeding will become a second priority under the new phase.

21. The continued UNDP co-operation with the project during 1982 - 1984 is expected to:

(a) Make it possible to bring under mass cultivation the first triticale variety;

(b) Work out and submit for state testing new varieties, improved as to their winter hardiness, lodging resistance and quality of grain;

(c) Extend modern breeding materials;

(d) Increase the area of triticale cultivation in Poland up to 100,000 hectares;

(e) Contribute to the development of experiments and specialized research; and

(f) Create possibilities for field training of foreign fellows especially from developing countries.

22. It is proposed to earmark US$ 500,000 from the IPF to cover the cost of short-term consultants, fellowships for the training of Polish specialists at leading triticale centres in Europe and the Americas as well as selected items of equipment of critical importance to the breeding programmes. The Government contribution is estimated at 45 million zlotys.

Improvement of Dairy Production

23. In view of the significant deficit of meat production in Poland, a better utilization of milk and dairy products as a source of animal protein is considered to be of utmost importance. In spite of the relatively high production figures for milk in Poland, the dispersion of producers over wide areas in different parts of the country impedes the establishment of a full and effective refrigeration chain and causes deterioration in the quality of milk, be it destined for direct use or for further processing. Consequently, co-operation with UNDP under a new project is envisaged to tackle existing problems relating to production techniques; improvement of hygenic properties; improvement of equipment for collection, storage and transport; analysis of consumption trends; promotion of milk products; and enrichment of different foodstuffs with milk proteins.

24. A UNDP contribution of US$ 600,000 is earmarked for this project. The exact breakdown of this amount will be determined during the formulation of the Project Document. The Government contribution is estimated at 100 million zlotys.

B. Industry

25. It is planned to transform the production profile of selected branches and industrial plants so as to shift them to the satisfaction of the growing needs of agriculture and food processing. In view of the priority of nutrition in Poland, it is indispensable not only to quantitatively increase production of agricultural machines but also to adapt the output of the industry to the specific needs of the agricultural sector composed mainly of small producers, and to supplement this output with unsophisticated machines facilitating the work of farmers.

Modernization of Agricultural Machinery Design

26. It is proposed to include in the Programme a new project that would assist the agricultural machinery industry during the modernization of its research and design

capacities. This objective will be achieved through the acceleration and expansion of applied research and development activities, particularly in relation to implements for ploughing and cultivation, plant production implements, grain harvesters and feed processing machinery.

27. It is expected that the UNDP assistance will enable the Industrial Institute of Agricultural Machinery in Poznan to modernize its research and development activities through the training of Polish specialists in countries with similar agrarian structures and well developed farming. Assistance is also required in the establishment of a modern testing station, including a centre for analysis and processing.

28. The project is expected to start in 1982 and last four years with a UNDP contribution of US$ 500,000 and a Government contribution of 60 million zlotys. The breakdown will be determined in the course of the formulation of the Project Document.

C. Transport and communications

29. Rapidly growing transport needs including both internal needs and those relating to Polish foreign trade, make it necessary to expand and modernize the transport network. It is in the interest of Poland, as a country situated on important transit routes, to integrate its transport network with those of other European countries including the European system of motorways. With these objectives in mind, the Government of Poland, together with other Governments in Europe, took an important initiative in 1972 with a view to inviting UNDP to assist in a regional co-operative project to study the economic and technical aspects of a "Trans-European North-South Motorway" (TEM) linking ten European countries. Parallel with the implementation of such a regional project, which started in 1978, the Government of Poland also included in its second country programme, a national project in support of the country's participation in the regional co-operative project.

Trans-European North-South Motorway (TEM) - Phase II

30. In view of desires and intentions expressed by the Steering Committee of the regional project, the Government of Poland has included in the country programme a new phase of assistance to the corresponding national project.

31. The main objectives of the second phase, which will start in 1982, will be to assist in the finalization of the Polish section of TEM through computerization of design and traffic studies; modernization of preparatory works; introduction of modern technologies of road and pavement works as well as bridge construction; and introduction of modern methods of organization and management, and control of motorway works.

32. The UNDP allocation required for the second phase is estimated at US$ 300,000, whereas the Government contribution will be approximately 186 million zlotys.

D. Energy

33. As a country with a well-developed hard coal extraction industry, Poland is

very much interested in new technologies to make effective and economic use of coal as a source of energy and also as a raw material for carbochemistry. It was against this background that a large-scale project devoted to research on the conversion of coal into liquid and gaseous fuels with a low content of sulphur was initiated under the second country programme.

Coal Conversion - Phase II

34. The first phase of this project served to install equipment necessary for the launching of research activities in three main areas of work: gasification, liquefaction and pyrolysis. During the second phase of the project, which will commence in 1983, it is expected that the research programme and other related activities will gain full momentum. In accordance with an agreement reached during a tripartite review of the first phase in October 1980, the exact activities and objectives of the second phase will be determined on the basis of findings and recommendations to be presented by the Technical Committee established for this project.

35. A UNDP contribution of US$ 800,000 has been earmarked for the second phase, whereas the Government contribution is estimated at 77 million zlotys.

E. Health and occupational health and safety

36. Malignant tumours are the second most important cause of mortality in Poland and largely attack the working age population. The expansion of improved preventive and curative care for this and other categories of cancer patients is a matter of high priority for the Government. Likewise, the Government attaches great importance to the reduction of such hazards in the working environment as exposure to toxic substances, dust causing fibrosis, noise surpassing acceptable levels, vibration, excessive heat, etc. Consequently, the third country programme includes two new projects to help strengthen the Government's own efforts in combatting cancer and in reducing work related health hazards.

Cancer Research

37. The purpose of the UNDP assistance to this new project will be to help solve selected problems of descriptive and analytical epidemiology, diagnostics, treatment monitoring as well as combined treatment and rehabilitation of patients with malignant tumours. The assistance is expected to contribute to the collection of more reliable comparative data for research on the structure of cancer morbidity and environmental conditions of patients with certain types of malignancies. Also, the project should lead to the elaboration of models and methods of improved diagnostics, treatment monitoring, combined treatment and rehabilitation of patients. Furthermore, it is envisaged that the host institution for this project, the Oncology Centre in Warsaw, can play in future the role of a methodological and training centre for interested countries.

38. It is envisaged that the UNDP contribution of US$ 900,000 earmarked for this project will cover short-term consultants, fellowships and selected scientific

equipment for training and research purposes. The Government's own contribution is expected to attain at least 175 million zlotys.

Occupational Health and Safety

39. The objective of this new project is to reduce work related health hazards and, thus, also reduce economic losses resulting from sick leave, work related diseases and disability. At present the Central Institute of Work Protection, which is the leading institute in this field, is not in a position to play its full role in the absence of a suitable laboratory and training base.

40. The UNDP assistance being requested will be utilized to support the Central Institute of Work Protection in the training of Polish specialists at modern foreign institutes. Also, the project will provide for the services of foreign consultants as well as pilot equipment required in order to monitor and eliminate hazards to human health and life resulting from the working environment.

41. A UNDP allocation of US$ 500,000 has been allotted for a five-year period, whilst the Government contribution will be in the order of 200 million zlotys.

F. Small-scale projects

42. In order to upgrade the qualifications of specialist cadres, the previous two country programmes have made provision for fellowships to finance training outside Poland. For many branches the UNDP is virtually the only source of support for these types of fellowships in highly industrialized and technically advanced countries. In particular, it is envisaged that fellowships will be implemented in areas such as management, chemical and light industry, engineering, mining and power generation, construction, ship-building, food processing, telecommunications, mechanization of steel and iron production, electronic data processing, recycling of waste, transport systems in big municipal agglomerations, fuels and lubricants economy, fluidized bed combustion of low-calorie fuels and others.

43. The UNDP allocation set aside for small-scale projects amounts to US$ 700,000.

G. Reserve

44. An unprogrammed reserve amounting to 20 per cent of the "Illustrative" IPF, or, US$ 1.2 million dollars, has been established.

IV. RELATIONSHIP WITH ACTIVITIES AT THE INTERCOUNTRY AND GLOBAL LEVEL

45. Several of the projects included in the programme are directly linked to on-going or future activities at the regional or interregional level in pursuance of the Final Act of The Conference on Security and Co-operation in Europe and in conformity with the recommendations adopted at the Buenos Aires Conference on Technical Co-operation among Developing Countries. In particular, the national TEM project is designed to enhance the capability of Poland to participate in and contribute to the joint efforts being undertaken by ten European countries at the regional

level with the assistance of UNDP. Similarly, the Plant Breeding project is closely associated with the regional project in which more than 25 European Governments are expected to join in order to facilitate the exchange of genetic resources among themselves. At the interregional and global level some of the projects correspond to areas defined for priority attention by the international community, e.g. development of alternative sources of energy and cancer research.

V. SIGNIFICANT FEATURES OF THE PROGRAMME

46. Conscious efforts were made both in the second country programme and, even more so, in the new programme to design projects in such a manner as to be of potential benefit to developing countries either as a source of expertise or as a training facility of relevance to the needs of developing countries.

Annex

FINANCIAL SUMMARY OF UNDP CONTRIBUTION

I.	Resources taken into account for programming	
	Total resources for 1982 - 1986	US$ 4,800,000
II.	Use of resources	
	Programmed (all sectors)	
	(a) Ongoing projects	US$ 1,600,000
	(b) New projects included in the Country Programme	US$ 2,500,000
	(c) Earmarked for specific objectives and activities for which projects are to be worked out at a later stage	US$ 700,000
		US$ 4,800,000
III.	Unprogrammed Reserve	US$ 1,200,000

BREAKDOWN OF THE PROGRAMME 1982-1986 BY YEARS

	UNDP CONTRIBUTION						TOTAL GOVERNMENT COUNTERPART CONTRIBUTION FOR THE YEARS 1982-1986	
	Total US $	1982 US $	1983 US $	1984 US $	1985 US $	1986 US $	zlotys millions	equiv. $ 000's b/
1. Industry	500	100	100	100	100	100	60	2.000
2. Agriculture	1.100	200	200	250	300	150	145	4.833
3. Transport	300	50	70	100	80	-	186	6.200
4. Energy	800	200	202	250	108	40	77	2.588
5. Health protection and social care	1.400	200	220	280	450	250	375	12.500
6. Human resources	700	114	120	170	196	100	-	
Total	4.800 a/	864	912	1.150	1.234	640	843	28.121

a/ An amount of $1.2 million representing 20 per cent of the illustrative IPF has been left unprogrammed.

b/ United Nations Rate of Exchange US dollar = 30 zlotys /December 1980/